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UNCLAS OTTAWA 003505

SIPDIS

DEPT FOR WHA/CAN (HOLST, NELSON) AND INR (SALCEDO)

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SUBJECT: MACKENZIE PIPELINE PROJECT MOVES TOWARD HEARINGS

SENSITIVE

REF: OTTAWA 3349

1. (U) As anticipated (reftel), though with a week's delay, on November 23 Exxon-controlled Imperial Oil Resources informed Canada's National Energy Board (NEB) that the proponents of the Mackenzie Valley natural gas pipeline project are ready to proceed to public hearings.

2. (U) The NEB will proceed with a Pre-Hearing Planning Conference during the weeks of 5 and 12 December, in order to provide information on the NEB hearing process, which is expected to take place early in 2006. The conference will be held in four communities in the Northwest Territories (Inuvik, Yellowknife, Fort Good Hope and Fort Simpson). Details and related documents are available on the NEB's website at [www.neb-one.gc.ca](http://www.neb-one.gc.ca).

3 (SBU) According to a contact at Natural Resources Canada, Imperial's go-ahead represents an important step forward for the Mackenzie project. Not only does it change the dynamic of the debate over the project's merit and technical scope, but the decision also signals that the company is optimistic about reaching settlements with the First Nations groups along the pipeline route. Imperial, according to post's contact, has signaled through its announcement that it has made good progress on land claims with three out of the four tribal groups on the route, the Gwich'in, Inuvialuit, and Sahtu. The fourth group, the Deh Cho, has taken a much tougher stand regarding land issues. Deh Cho grand chief Herb Norwegian was quoted saying that project proponents must reach an agreement with his group prior to the NEB hearings in January.  
DICKSON